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# Board Action Bulletin

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*Prepared by the Office of Public & Congressional Affairs*

## **NCUA BOARD ACTIONS TAKEN OCTOBER 23, 2003**

### ***NCUSIF quarterly report***

Through the first nine months of 2003, the National Credit Union Share Insurance Fund gross income was \$119.8 million, net income was \$33.9 million and operating expense was \$61.9 million. Insurance losses through September were \$24.0 million, with eight credit unions failures. The Fund expects to end 2003 with approximately \$30 million in recorded losses. The Fund provision for credit union losses, or reserves, currently stands at \$66.8 million and monthly additions to unallocated reserves are expected to continue through the end of 2003. Actual spending for operating costs through September 2003 is \$700,000 less than last year at this time.

The NCUSIF equity ratio is 1.28 percent and is projected to be 1.25 percent at year end.

The number of problem credit unions remains the same at 211 as reported in 2002, while the total amount of shares in credit unions coded CAMEL 4 and 5 has grown from 0.66 to 0.78 percent.

### ***Interpretive Ruling and Policy Statement issued on contract claims made at liquidation or conservatorship***

The NCUA Board approved *Interpretive Ruling and Policy Statement (IRPS) 03-3* to eliminate potential market disadvantages and provide guidance on NCUA's treatment of qualified financial contracts (QFCs) and federal funds (fed funds) in the event NCUA liquidates or conserves a credit union. The guidance, effective 45 days after printed in the *Federal Register*, covers the timing, form, authority and maintenance of written agreements documenting QFCs and fed funds transactions.

### ***Freedom of Information Act rule updated***

The NCUA Board issued a final rule and a request for comments to update, clarify and centralize the processing of Freedom of Information Act (FOIA) requests

Requests for Office of the Inspector General (OIG) records should be submitted directly to OIG for processing. All other FOIA requests should be submitted to the NCUA Central Office where they will be processed by the Office of General Counsel. To expedite the process, requesters can submit a FOIA request and receive a response electronically if an e-mail address is provided with the request. Information provided to requesters will include all

records in existence when the search begins. The final rule has a 30-day comment period, and if no adverse comments are received it becomes effective immediately.

### ***Proposed security rule amendment issued***

The NCUA Board issued a proposed amendment to security rule Part 748 with a 60-day comment period. The proposal, coordinated with standards recently issued by the members of the Federal Financial Institutions Examination Council, would require the security programs of federally insured credit unions to include controls to respond to incidents of unauthorized access to member information.

New Appendix B -- Guidance on Response Programs for Unauthorized Access to Member Information and Member Notice -- was added to assist credit unions in developing and implementing a security response program to prevent and mitigate member risk or identity theft due to unauthorized access to member account information.

The guidance provided in Appendix B also offers specific controls credit unions should consider when addressing and implementing existing security programs. Additionally, the guidance includes policies and procedures credit unions should consider in the event unauthorized account access occurs and describes corrective measures a credit union may choose to implement to mitigate harm to individual members, which includes, among other guidance, notifying members of unauthorized access.

**Votes are unanimous unless otherwise indicated.**